

Minneapolis Community Development Agency

## Request for City Council Action

Date: April 22, 2003

To: Council Member Lisa Goodman, Community Development Committee  
Council Member Barbara Johnson, Ways and Means/Budget Committee  
Refer to: MCDA Board of Commissioners

Prepared by Donna Wiemann, Senior Project Coordinator, Phone 612-673-5257

Approved by Lee Sheehy, MCDA Executive Director  
Chuck Lutz, MCDA Deputy Executive Director \_\_\_\_\_

**Subject: Recommendation to Approve the Year 2003 HOME Program Budget Allocation and Amend the Grant Agreement with the City to Encompass the Year 2003 HOME Program Funds**

**Previous Directives:** In April, 2003, the City Council approved the staff recommendation to submit the Final Year 2003 Consolidated Plan to HUD which includes the Fiscal Year 2003 HOME Program funding.

**Ward:** City wide.

**Neighborhood Group Notification:** In January, 2003, various City neighborhood groups and nonprofit housing developers were notified of the availability of funds for housing development including a portion of the anticipated Year 2003 HOME Program.

**Consistency with *Building a City That Works*:** The proposed activity supports Goal 2: Ensure that an array of housing choices exists to meet the needs of our current residents and attract new residents to the City; Goal 3: Support strong and diverse neighborhoods where people choose to live; and Goal 5: Participate in partnerships to achieve common community development objectives.

**Comprehensive Plan Compliance:** Projects selected for funding will comply.

**Zoning Code Compliance:** Projects selected will comply.

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**Impact on MCDA Budget:** (Check those that apply)

- ☐ No financial impact
- ☒ Action requires an appropriation increase to the MCDA Budget \$3,883,199
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

**Living Wage / Business Subsidy:** NA

**Job Linkage:** NA

**Affirmative Action Compliance:** Bids and contract will be in compliance.

**RECOMMENDATION:**

**City Council Recommendation:** The Executive Director recommends that the City Council:

1. **Approve the Year 2003 HOME Program budget allocation as described herein.**
2. **Authorize the City of Minneapolis to retain \$15,000 of Year 2003 HOME Program funds for associated administrative costs.**
3. **Authorize the execution of the Twelfth Amendment to Contract #8179 between the City of Minneapolis and the MCDA to increase the contract amount by \$3,883,199, to expend HOME Program funds and to implement the HOME Program.**

**MCDA Board Recommendation:**

1. **Authorize the execution of the Twelfth Amendment to Contract #8179 between the City of Minneapolis and the MCDA to increase the contract amount by \$3,883,199, to expend the HOME Program funds and to implement the HOME Program.**

**Background/Supporting Information**

In April, 2003, the City Council approved the staff recommendation to submit the Final Year 2003 Consolidated Plan to HUD which includes the FY2003 HOME Program funds.

In April, 2003, the City of Minneapolis submitted the Fiscal Year 2003 Consolidated Plan to HUD. Staff expects HUD to transmit its approval of the Consolidated Plan prior to June 1, 2003, the beginning of the Fiscal Year 2003. The total HOME Program funds for Fiscal Year 2003 is \$3,898,199. These funds will be utilized for programs and

activities that will assist in the production and maintenance of decent, affordable rental housing. The City retains \$15,000 for administrative costs.

The following represents the proposed allocation of funds of the Year 2003 HOME Program funds:

## **YEAR 2003 HOME PROGRAM**

<b><u>Programs</u></b>	<b><u>Allocation</u></b>
Multi-Family Rental Development/ Affordable Housing Trust Fund	\$3,508,380
Admin. Costs - MCDA	\$ 374,819
- City	<u>\$ 15,000</u>
	\$3,898,199

Funds allocated to the Multi-Family Rental Program/Affordable Housing Trust Fund will be used to provide gap financing for the production and stabilization of affordable rental housing. On the average, approximately 150 to 250 units are either produced or stabilized through this program annually. The MCDA Board approves each project proposal that requests funding from the Multi-Family Rental Development Program.

When the HOME Investment Partnerships Program was established in 1992, the City and the MCDA entered a grant agreement covering the eligible uses of the funds and authorizing the expenditure of HOME funds by the MCDA. The grant agreement #8179 has been amended annually to encompass the additional HOME Program funds from HUD. Staff requests authorization of the Twelfth Amendment to Contract #8179 between the City and MCDA to increase the contract amount by \$3,883,199 encompassing the \$3,898,199 Year 2003 HOME Program amount (\$3,898,199 minus \$15,000 retained for City admin).